

ADDENDA #2
SPECIFICATION NO. 03-077
EMPLOYEE BENEFITS CONSULTANT

Addenda #2 to Specification No. 03-077, for Employee Benefits Consultant for the City of Lincoln bid to be opened Wednesday, March 26, 2003.

We have had several questions to the above referenced specification. Listed below are the questions and their answers :

Question 1. Why are these services out to bid?

Answer 1. These services are out to bid at the request of the City of Lincoln and the County of Lancaster.

Question 2. What does or has the City/County budgeted for the scope of services outlined in this RFP?

Answer 2. Budget amounts are subject to change and amounts and contracts from the successful proposer will be presented to the Mayor and County Board for approval.

Question 3. If finalist interviews are held, when would they occur?

Answer 3. We anticipate interviews occurring approximately April 1 - April 9, 2003.

Question 4. What are (in priority order) the five most important issues with regard to benefits that the City/County has?

Answer 4. Please see section 11.6 of the RFP for evaluation criteria.

Question 5. Is it important for the City/County to have actuaries assigned to their account? Please explain.

Answer 5. Presently dental coverage for both the City and County is self-insured. Although actuaries are helpful with self - insured benefits in determining the incurred but not reported exposure, this is not a necessity.

Question 6. What does, or has the City/County budgeted for the scope of services outlined in this RFP?

Answer 6. Presently the City of Lincoln has budgeted to pay our present benefits consultant \$20,850, and Lancaster County has budgeted to pay our present benefits consultant \$9,447 on an annual basis, through the last day of May 2003.

Question 7. How many retirees participate, and do they have a separate plan?

Answer 7. See the answer to question number 6 of Addenda #1.

Question 8. What are the effective dates for the coverage?

Answer 8. See the answer to question 2 of Addenda #1.

Question 9. Are the City and County a purchasing cooperative? If so, has this cooperative been endorsed by the State of Nebraska and are there laws we can have access to that define this cooperative?

Answer 9. The City and County are separate entities that are billed and contracted separately. However, we have attempted to market both entities together to gain competitive advantage. Both are serviced by one personnel department and benefits staff.

Question 10. Would we be required to perform services in connection with the Deferred Compensation and defined benefit pension plans? If so please define.

Answer 10. Pension or deferred compensation, except for possible minor input, will usually NOT be included in this contract.

Question 11. How frequently are plans marketed?

Answer 11. As frequently as deemed necessary by the City/County. There is no set timetable.

Question 12. How many RFP's do you anticipate in the next 12-24 months?

Answer 12. It is presently hard to say. However, should an RFP be requested, this will be at an additional cost to the City and County, negotiated outside of the requested consulting fees.

Question 13. Where are you at in conjunction with HIPAA compliance with respect to EDI? Privacy? Security?

Answer 13. The City Attorney and County Attorney's offices have taken the lead on this, and we have contracted for HIPAA training and some consulting in this regard.

Question 14. To what level will we be needed during open enrollment and to what extent will we be needed with regards to communication materials?

Answer 14. See our answers to question 10 of Addenda #1.

Question 15. How many meetings do you anticipate we will need to attend each year?

Answer 15. We anticipate approximately 4-8 meetings per year with both the City/County.

Question 16. Is there currently a consultant in place, or has there been a consultant in place over the past two years? If so, please provide:

Q: The name of the firm?

See answer to Addenda #1, question 1.

Q: City in which the firm's office is located?

Omaha, NE

Q: The length of time that the firm has been in place?

Contracted with the City/County since June 1, 1999.

Q: The annual total compensation (fees and commissions) that the firm has received in each of the past two completed contract periods?

See the answer to question 2 of Addenda #2.

Q: An indication as to how the services delivered during these time periods compares with the scope of services in the RFP?

We believe these are the same services as requested in the RFP.

Question 17. Why are you seeking bids for consulting services at this time?

Answer 17. See the answer to question 1 of Addenda #2.

Question 18. What is the current benefit plan year? City/County fiscal year?

Answer 18. The current plan year is 11/1 for the City, and 1/1 for the County. Fiscal years begin 9/1 for the City, and July 1 for the County.

Question 19. Please confirm that the scope of services does not contemplate the pension or 457 retirement programs?

Answer 19. See the answer to question 10 of Addenda #2.

Question 20. It is our understanding that there is a consulting license in the State of Nebraska. Beyond that, are there additional licensing requirements in order to do business in the State?

Answer 20. We are unaware of any State requirements. Please check with appropriate personnel.

Question 21. You indicate that the plans for the City/County are marketed jointly, but billed and administered by our City/County personnel department. Do the programs remain separate for purposes of:

Q: Plan design?

Yes

Q: Financial experience?

Yes

Q: Contribution/premium rates?

Yes

Q: Reserve levels?

Yes, although only dental is self-insured at this time.

Question 22. Regarding the Scope of Services:

Q: What is contemplated in item 10.2.2 - Assist in the preparation of requests for proposals? Does this mean to review and comment on RFP's prepared by the City/County? Would any analysis of proposals also be considered outside the scope? If not, what level of support in this regard would you expect?

Work relative to item 10.2.2, assist in the preparation of requests for proposal, would be considered additional work, outside of this contract, and on a negotiated fee for services.

Q: What service(s) or coverage(s) do you plan to competitively bid in 2003? In 2004?

See the answer to question 12, in Addenda 2.

Question 23: In item 10.2.7, what level of support is desired with regard to employee meetings? Would this involve assisting in preparing for employee meetings, and over how many days?

Answer 23: See the answer to question 10, in Addenda 1.

Q: What would be the expected number of meetings annually (item 10.5)?

See the answer to question 15, in Addenda 2.

Q: With regard to item 10.6, please clarify the nature of claims auditing services to be provided under the Scope of Services. Is it correct to assume that this would not involve a formal electronic or onsite audit of the claims payer?

See the answer to question 9, in Addenda 1.

Q: No ongoing reporting expectation is stated in the Scope of Services (other than the annual renewal report), but item 13.1.6 seems to suggest that quarterly reports are to be provided. Please clarify the type and frequency of reporting expected.

4-8 meetings are requested per year, and reporting on a regular basis is requested, as needed, every 2-3 months with claims and benefits information.

Question 23. Under the Evaluation Process, it is indicated that you may contract with one or more consultants. Also, item 14.5 apparently requires that two separate contracts are entered into: one with the City and one with the County. If more than one consultant were to be selected, would this decision relate to the fact that the City and County could potentially contract with separate consultants? Would we at differing times be working specifically with the City and/or County on issues specific to each respective entity? Please clarify, and indicate how we should contemplate this in our pricing?

Answer 23. Yes, although we would prefer to contract with only one consultant for both the City and the County, there exists the slight possibility that different consultants could be hired for each entity.

Yes, two contracts, one for City and one for County are required. Although we have one City/County personnel department that coordinates benefits for both entities, and your normal contact would be through representatives of the personnel department, there would be instances where you would be exclusively reporting regarding the City or County. Both are charged separately at present, see our answer to question 6 of Addenda 2.

Question 24. What is the time period that the initial contract will cover?

Answer 24. A minimum contract term would be for a one year period. The County is able and interested in multi-year contracts, while the City may enter into one year contracts, renewable for two additional one year terms. Both are interested in rate guarantees.

Question 25. Regarding item 13.1.11, is it acceptable to state in our proposal that we maintain comprehensive professional liability coverage, and then to submit a copy of our certificate as a condition of being awarded the business? Are there minimum levels of coverage that we can affirm?

Answer 25. Yes, \$1,000,000.

Question 26. If possible, we would appreciate receiving the responses to questions submitted by any other consultants.

Answer 26. Yes - you are.

All other terms and conditions to remain unchanged.

Dated this 17th day of March, 2003.

Purchasing Department

Vince M. Mejer, CPPO, C.P.M.
Purchasing Agent